

# Business Administration

## Core Exam

INSTRUCTIONS: This is a timed, comprehensive exam for the occupational area identified above. Do not open this booklet until instructed to do so by the testing monitor. You will have \_\_\_\_\_ minutes to complete all questions.

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1. Tim and Dan want to start a business. Their main problem is acquiring enough money to pay start-up costs as well as initial operating expenses. What legal structure of business ownership is best for Tim and Dan?
  - A. Partnership
  - B. Sole proprietorship
  - C. Franchise
  - D. Corporation
2. Which of the following is a company resource that employees often analyze to ascertain policies and procedures:
  - A. Training materials
  - B. Sales reports
  - C. Promotional brochures
  - D. Research documents
3. Listeners can support and encourage a speaker by
  - A. looking around the room.
  - B. maintaining eye contact.
  - C. closing their eyes.
  - D. glancing at the clock.
4. Chad's friend wrote down instructions for him to change the oil in his car. Chad makes sure he follows the direction to put something for catching the oil in place first, so it doesn't spill everywhere. Which of the following steps for following directions does this situation illustrate:
  - A. Accept responsibility
  - B. Ask
  - C. Note key words
  - D. Go in order
5. The human ability to listen to and process speech is
  - A. slower than the average person talks.
  - B. the basis for the communication model.
  - C. four times as fast as people can talk.
  - D. increased with active listening.
6. A characteristic of an effective communicator is that s/he
  - A. speaks in a monotone.
  - B. commands attention.
  - C. sounds like a recording.
  - D. uses frequent mannerisms.
7. When providing legitimate responses to inquiries, it is usually best to begin by
  - A. being sympathetic.
  - B. restating the question.
  - C. asking for more information.
  - D. providing an answer.
8. To provide accurate verbal directions to group members, it often helps speakers to
  - A. use a low tone of voice when giving the directions.
  - B. use sign language to support the verbal instructions.
  - C. visualize themselves following the directions.
  - D. evaluate many options as they convey the information.
9. Ed had an idea for a group project that Tara said would not work. When defending his idea to the group, Ed should focus on presenting the idea's positive attributes in a(n) \_\_\_\_\_ way.
  - A. emotional
  - B. unbiased
  - C. cynical
  - D. understated
10. What should an employee do if a customer calls asking for information that the employee doesn't have?
  - A. Offer to get the information and call back
  - B. Ask the customer to call back later
  - C. Ask why the customer needs the information
  - D. Suggest that the customer call someone else
11. Business employees who participate in group discussions should present their ideas and opinions in a(n)
  - A. nonverbal style.
  - B. written format.
  - C. argumentative way.
  - D. assertive manner.

12. Written communication is not effective when readers must
- A. follow the writer's logical train of thought.
  - B. work to understand what the communication means.
  - C. find the information they need within the communication.
  - D. spend a minimum amount of time reading the communication.
13. Mr. Jones operates a small business serving several states. He needs to communicate with his customers but does not need an immediate response. The most economical method of delivering his messages would be through
- A. fax.
  - B. business letters.
  - C. e-mail.
  - D. telephone.
14. Which of the following is a reason why businesses write informational messages:
- A. To develop memos
  - B. To prepare letters
  - C. To sell products
  - D. To identify customers
15. Which of the following is an example of a written business inquiry:
- A. A memo outlining an upcoming meeting agenda
  - B. An e-mail requesting vendor pricing and discounts
  - C. A form describing an employee's performance review
  - D. A report summarizing annual financial information
16. A message from the company president to all employees concerning a change in insurance coverage is a form of \_\_\_\_\_ communication.
- A. informal
  - B. staff
  - C. upward
  - D. lateral
17. In planning a staff meeting for her department, Mara should
- A. limit the number of times that each participant speaks.
  - B. change the meeting date and time.
  - C. forward a copy of the department budget to all participants.
  - D. provide a meeting agenda to review.
18. The most positive words to use in selling are
- A. customers' names.
  - B. brand names.
  - C. credit terms.
  - D. technical terms.
19. Why should employees act as if customers are their employers?
- A. Customers pay employees' bonuses.
  - B. Employees would not have jobs if there were no customers.
  - C. Employees might work for the customers in the future.
  - D. Customers own the business.
20. One way that many businesses reinforce their service orientation through communication is by
- A. telling the truth.
  - B. developing advertisements.
  - C. using publicity.
  - D. writing news releases.
21. Who is responsible for developing a business's policies?
- A. Salespeople
  - B. Customers
  - C. Suppliers
  - D. Managers
22. "I buy only the most expensive brands" is a statement that characterizes the \_\_\_\_\_ customer.
- A. slow/methodical
  - B. disagreeable
  - C. suspicious
  - D. domineering/superior

23. What should you do to determine whether a customer's complaint is justified?
- A. Investigate the problem
  - B. Restate the complaint
  - C. Take immediate action
  - D. Ask a supervisor
24. John gets up, dresses, brushes his teeth, eats breakfast, goes to school, buys gum at the school store, and reports to his first class. Which of these would be considered an economic activity?
- A. Buying gum
  - B. Eating breakfast
  - C. Brushing teeth
  - D. Going to class
25. When a manufacturer asks a business to collect information from customers concerning how to improve a product, which type of utility is most likely to be affected?
- A. Possession
  - B. Place
  - C. Time
  - D. Form
26. Retailing takes place whenever goods are
- A. offered for sale.
  - B. exchanged for other goods.
  - C. sold to the ultimate consumer.
  - D. sold in a retail establishment.
27. Franco's Bread Shop is introducing a new type of sandwich bread to the community this week. Which of the following describes the business activity the bread shop is likely involved in:
- A. Collecting information on last year's new breads
  - B. Promoting the new bread through advertising
  - C. Creating a system for storing new bread recipes
  - D. Planning for the long-term results of introducing new breads
28. In a market economy, the basic economic question of what to produce is answered by
- A. strategic planners.
  - B. consumers.
  - C. custom.
  - D. trial and error.
29. In a private enterprise economic system, the interaction of supply and demand primarily determines
- A. government control.
  - B. prices.
  - C. profits.
  - D. competition.
30. The amount of money paid for raw materials and products sold is called
- A. net profit.
  - B. operating expense.
  - C. cost of goods.
  - D. gross profit.
31. Rivalry between two companies which offer dissimilar products is called \_\_\_\_\_ competition.
- A. indirect
  - B. direct
  - C. price
  - D. nonprice
32. The amount and value of outputs produced from set amounts of resources are known as
- A. objectives.
  - B. inputs.
  - C. productivity.
  - D. mass production.
33. A business deciding to hire an older man rather than a young woman for a sales position even though both have similar qualifications might be an example of
- A. remedial action.
  - B. harassment.
  - C. team conflict.
  - D. discrimination.
34. Why is assessing strengths and weaknesses a difficult task?
- A. It may reveal characteristics about ourselves that we don't like.
  - B. It's impossible to be modest when listing our strengths.
  - C. It's an extremely time-consuming process.
  - D. It's unrealistic to try to discover every strength and weakness.

35. Julie has been warned by her supervisor that she may be fired if she continues coming to work late. After this warning, Julie began to arrive at work five minutes early. Julie is demonstrating a change in her \_\_\_\_\_ traits.
- A. mental
  - B. physical
  - C. personal
  - D. emotional
36. Which of the following is a true statement regarding initiative:
- A. People with initiative must usually be prodded into doing things.
  - B. Possessing initiative is unimportant in business occupations.
  - C. Increased initiative usually brings increased job responsibility.
  - D. Initiative should be demonstrated only at your place of employment.
37. Being responsible means that you will give first priority to fulfilling your personal
- A. desires.
  - B. obligations.
  - C. weaknesses.
  - D. needs.
38. When employees need advice about handling ethical situations at work, it is often helpful to
- A. consult a mentor.
  - B. ask the office gossip.
  - C. talk to friends.
  - D. check with coworkers.
39. How does having a sense of humor help you maintain a positive attitude?
- A. It encourages you to give your appearance the attention it deserves.
  - B. If you hang out with positive people, you'll be positive as well.
  - C. It is easier to maintain a positive attitude when you're healthy.
  - D. It keeps you from taking yourself too seriously.
40. Which of the following is necessary in order for a person to accept criticism and turn it into a helpful tool:
- A. Maintaining resistance to critical comments
  - B. Recognizing that all people make mistakes
  - C. Being satisfied with ourselves
  - D. Remaining skeptical of suggestions for improvement
41. Is it appropriate to express empathy about a positive event such as winning a competition or getting a promotion?
- A. No, people who have positive experiences don't need empathy.
  - B. Yes, you can express empathy by using sympathy.
  - C. No, empathy is only appropriate in problem situations.
  - D. Yes, you can give the person supportive feedback.
42. The willingness to adjust your opinions and behaviors so that you value different people and ideas is
- A. ethnocentrism.
  - B. communication.
  - C. prejudice.
  - D. cultural sensitivity.
43. Communicating all the important information in the shortest way possible means you are being
- A. concrete.
  - B. concise.
  - C. sensitive.
  - D. accurate.
44. Which of the following is a belief that is necessary to being assertive:
- A. I should try to agree with everyone.
  - B. I should avoid asking other people for help.
  - C. I am worthy of my own respect and the respect of others.
  - D. I have the right to express my feelings any way I choose.
45. Digital Equipment Corporation's engineers exchange ideas for new products with employees from other departments who are working together on a short-term basis. This kind of group is called a
- A. work team.
  - B. standing committee.
  - C. project team.
  - D. quality circle.

46. Angela has achieved business success, and many other people look up to her. This makes her a(n)  
A. leader. C. example.  
B. role model. D. hero.
47. One way to develop an achievement orientation is to establish  
A. personal relationships. C. reachable goals.  
B. flexible deadlines. D. safe conditions.
48. To be a change leader, you must  
A. be able to identify opportunities for change. C. have experience with leading change.  
B. be at least 18 years old. D. have a college degree.
49. Matthias regularly talks to other team leaders in the industry to keep up with current trends that may affect his team vision. Which guideline of sharing a vision does this illustrate?  
A. Being flexible C. Being an example  
B. Being a good listener D. Being enthusiastic
50. The primary reason that people lose or leave their jobs is that they have  
A. poor self-esteem. C. difficulty getting along with others.  
B. difficulty understanding their jobs. D. poor job performance.
51. By understanding the time value of money concept, you know that  
A. it is better to receive \$101 a year from now than \$100 today.  
B. it is better to receive \$100 today than \$101 a year from now.  
C. saving money can buy time on debt payment.  
D. time and money are related by due date.
52. For which of the following types of credit would you need to ask a customer to make a down payment:  
A. Open account C. Installment loan  
B. Option account D. Revolving credit account
53. Who is legally responsible for repaying a bank loan if the loan borrower fails to make payments as indicated in the loan contract?  
A. Credit union C. Treasury Department  
B. Co-signer D. Debt collectors
54. Which of the following statements about retirement is true:  
A. You have plenty of time to start saving for retirement.  
B. Saving even a little bit each month will help.  
C. You can depend on Social Security for your basic living expenses.  
D. You will be in retirement only about 15 years.
55. Which of the following phrases best describes the S in setting SMART goals:  
A. Specific details C. Sense of teamwork  
B. Saving money D. Spending wisely
56. Which of the following is a variable expense that Jake must consider when developing his personal budget:  
A. Homeowner insurance premiums C. Fixed car-loan payments  
B. Anticipated salary increases D. Unexpected car repairs
57. Which of the following is an example of a tax liability:  
A. Amount due on an inheritance C. Credit for an eligible expense  
B. Deduction for a charitable contribution D. Value of an exemption

58. While maintaining financial records, accountants often record transactions using a system that affects at least two accounts. This system is called \_\_\_\_\_ accounting.
- A. bi-weekly
  - B. dual-entry
  - C. bi-level
  - D. double-entry
59. Individuals have the right to provide additional information about their income status and payment history when
- A. opening a checking account.
  - B. validating their credit history.
  - C. estimating their tax liability.
  - D. hiring a financial planner.
60. One of the benefits to some individuals of using Form 1040 to file their personal income tax is that this form enables them to
- A. deduct allowable expenses.
  - B. speed up the refund process.
  - C. claim standard deductions.
  - D. estimate tax payments.
61. Which of the following is an advantage of using an online brokerage firm:
- A. 24-hour account access
  - B. Personal guidance from a live broker
  - C. Additional financial products and services
  - D. High commissions
62. The purpose of the risk pyramid is to show a comparison of
- A. corporate bonds to municipal bonds.
  - B. one stock to another.
  - C. one investment to another.
  - D. stocks to stock mutual funds.
63. What kind of insurance combines death benefits with a savings and investment account?
- A. Homeowner's
  - B. Ordinary life
  - C. Term
  - D. Liability
64. A business owner preparing to apply for an increased line of credit with a local bank probably would ask the accounting department to compile a
- A. capital-goods analysis.
  - B. marketing-information report.
  - C. truth-in-lending plan.
  - D. profit-and-loss statement.
65. The finance function would definitely be involved in a decision regarding
- A. public relations and publicity.
  - B. new business projects and strategies.
  - C. personal selling.
  - D. hiring.
66. A job specification is an explanation of
- A. the skills, knowledge, and characteristics required for a job.
  - B. the responsibilities and tasks associated with a job.
  - C. where a job is located within the company's facility.
  - D. who manages the department where a job position is open.
67. An advertising campaign would be part of the area of marketing known as
- A. distribution.
  - B. promotion.
  - C. pricing.
  - D. planning.
68. To evaluate an Internet source, what aspect would you consider to assess whether its information is clearly laid out so that it is easy to read?
- A. Relevance
  - B. Presentation
  - C. Objectivity
  - D. Timeliness
69. You have been asked to provide information to management about the impact a highway bypass will have on your business, identifying a recommended course of action. What would be the best way to organize the information?
- A. By emphatic order
  - B. In chronological order
  - C. By cause/effect
  - D. In alternating organization

70. Which of the following is a true statement about information:
- A. It is the same thing as data.
  - B. It is simple to manage.
  - C. It is data put into a useful form.
  - D. It has no value for an organization.
71. Payroll, hotel reservations, and sales orders are handled by a(n) \_\_\_\_\_ type of information system.
- A. Knowledge work system
  - B. Transaction processing system
  - C. Decision support system
  - D. Executive support system
72. What aspect of a computer system acts as a go between for software and hardware applications?
- A. Hard drive
  - B. Server
  - C. Operating system
  - D. Application software
73. Which of the following is an example of the digital convergence occurring on the Internet:
- A. Internet companies increasing their bandwidth
  - B. Internet companies offering wireless service
  - C. Internet companies offering phone service
  - D. Internet companies increasing their use of WANs
74. When an employee searches the Web using a keyword and obtains 578 responses, the next logical step would be to
- A. go to another search engine and see if it works better.
  - B. use more words for descriptors or a more precise keyword.
  - C. open all 578 responses looking for the best one.
  - D. start from #578 and work backwards until the best one is found.
75. Where in Word 2007 should you look to determine what page of a document you're on and how many words are in the document?
- A. Title Bar
  - B. Ribbon
  - C. Quick Access Toolbar
  - D. Status Bar
76. With the use of a presentation software program, Martin selects a standardized group of slides and enters the appropriate text and graphics in each slide. What is he using to design his presentation?
- A. Templates
  - B. Wizard
  - C. Blank slides
  - D. Premade slides
77. Why do many businesses store information in a computerized database?
- A. To monitor economic trends
  - B. To communicate with vendors
  - C. To transmit documents
  - D. To maintain client lists
78. In which of the following situations would a business use a spreadsheet software program to calculate the effect that one change will have on its financial status:
- A. Interest rate is expected to decrease by 1/2%.
  - B. Operating profit is 15% of total sales.
  - C. Average employee earns \$30,000 per year.
  - D. Fixed expenses are \$58,500 per month.
79. Which of the following is an example of an integrated software application:
- A. Wi-Fi
  - B. Point-of-sale software
  - C. SMS
  - D. Spreadsheet applications
80. A clothing manufacturer builds quality into its operating system, placing responsibility on each employee. This process is known as quality
- A. delivery.
  - B. guarantee.
  - C. assurance.
  - D. inspection.



81. Which of the following organizations should be contacted if a service business is not following health and safety regulations:
- A. Utilities commission
  - B. Local chamber of commerce
  - C. Government agency
  - D. Regional risk coalition
82. Which of the following is not a safety hazard:
- A. Using a knife to pry open a drawer
  - B. Using a letter opener to slit envelopes
  - C. Using a hammer that has a loose handle
  - D. Using a scissors blade to open a pop can
83. Many businesses require that any accidents that occur on the job should be
- A. handled by a physician.
  - B. disregarded if they are minor.
  - C. written up on company stationery.
  - D. described on an accident report form.
84. Protective devices which a business uses to prevent such problems as customer theft, employee pilferage, and burglary are part of the business's
- A. maintenance activities.
  - B. benefits program.
  - C. compensation policies.
  - D. security measures.
85. Which of the following is a way to evaluate supplier performance after the purchased goods or services have been delivered:
- A. Contact the supplier's references
  - B. Review the invoice
  - C. Visit the supplier's plant
  - D. Check the supplier's credentials
86. One reason why it is important for a business to correctly fill out information about credit terms and shipping instructions when ordering goods is because the purchase order is a
- A. legal contract.
  - B. receiving document.
  - C. payment record.
  - D. delivery form.
87. What type of production process involves operating machines around the clock to meet consumer demand for standard products?
- A. Continuous
  - B. Intermittent
  - C. Batch
  - D. Labor-intensive
88. One of the major reasons that good posture is important is that it can
- A. help to prevent medical problems.
  - B. eliminate clothing alterations.
  - C. improve your ability to relax.
  - D. make you look taller than you are.
89. An important reason that it is a good idea to develop the habit of cleaning up your work area at the end of each work day is that it
- A. makes your work area look neat overnight.
  - B. shows you are trying to stay organized.
  - C. sets an example for your coworkers.
  - D. gives you a good start the next day.
90. Chris started working in a stable as a horse trainer, but later decided he would rather give riding lessons for a living. This is an example of a goal's being
- A. dynamic.
  - B. effective.
  - C. specific.
  - D. measurable.
91. Which problem-solving method involves the use of colors, pictures, and arrows?
- A. Brainstorming
  - B. Appreciative inquiry
  - C. Intuitive
  - D. Mind mapping
92. Salaries, commissions, and bonuses obtained from a job are examples of \_\_\_\_\_ satisfaction.
- A. concomitant
  - B. intrinsic
  - C. extrinsic
  - D. vocational

93. Which of the following is an action that employees can take to meet their employer's expectations of honesty:
- A. Helping coworkers with problems
  - B. Completing assignments on time
  - C. Accepting responsibility for mistakes
  - D. Looking for better ways to do the job
94. Individuals who lose their jobs due to no fault of their own are entitled to receive
- A. workers' compensation.
  - B. unemployment benefits.
  - C. insurance coverage.
  - D. disability payments.
95. Where could you find up-to-date information about jobs that are available to persons with physical and sensory disabilities?
- A. Nonprofit vocational training programs
  - B. State departments of vocational rehabilitation
  - C. High school special-education department
  - D. College offices of disability services
96. One difference between entrepreneurs and small-business owners is that
- A. entrepreneurs rarely manage the day-to-day aspects of their businesses.
  - B. small-business owners generally are not interested in expanding their businesses.
  - C. small-business owners usually employ between 500 and 1,000 workers.
  - D. entrepreneurs must start businesses from scratch and do not purchase franchises.
97. Sharon is completing a job application form that asks why she left her previous job. An appropriate guideline for Sharon to use in answering this question would be to
- A. say that she would rather not discuss the reason she left.
  - B. be totally honest and open about her previous situation.
  - C. avoid making any negative statements about the firm she left.
  - D. describe the problems that caused her to leave.
98. After a job interview, an applicant should prepare a follow-up letter that
- A. contains a photo.
  - B. is long and detailed.
  - C. includes a résumé.
  - D. is short and typed.
99. Paul prepared a job résumé that addressed how his background and qualifications would meet the specific requirements of the job he wanted. Paul's résumé is an example of a \_\_\_\_\_ résumé.
- A. chronological
  - B. personalized
  - C. generalized
  - D. functional
100. Which of the following would be the responsibility of top-level management:
- A. Maintaining security
  - B. Supervising day-to-day activities
  - C. Conducting research
  - D. Accomplishing company goals